

~~SECRET~~

(b) (1)
(b) (3)

WESTERN HEMISPHERE

Government activity in Latin America is slowing down considerably as the holiday season draws near.

The official results of the Venezuelan national elections were finally announced early this week. After three unsuccessful tries, Rafael Caldera of the Christian Democratic Party was elected president—but with only 29 percent of the vote. If Caldera is inaugurated on 12 March as expected, it will be the first time in Venezuelan history that political power has passed peacefully from one party to another, and only the second time that one democratically elected president has followed another into office.

Guyana is moving ahead with its parliamentary elections set for 16 December. Prime Minister Burnham still has a very good chance of being re-elected, possibly with a clear majority. Charges by the opposition parties that Burnham is rigging the elections have enlivened the campaign and forced the prime minister to defend his conduct.

The relative peace that has characterized the Mexican student situation in recent weeks may end soon. Dissident students plan a demonstration on 13 December to show that they have not abandoned their demands for reform and that they still want amnesty for student leaders imprisoned for previous disturbances. President Diaz Ordaz will meet with President Johnson on 13 December to formalize the realignment of the US-Mexican border, and student leaders reportedly are preparing propaganda denouncing Diaz Ordaz for "selling out Mexico."

President Balaguer of the Dominican Republic has publicly said that he will permit exiled General Wessin, a key leader of the regular military during the 1965 revolt, to return before 10 January. Balaguer apparently is attempting to forestall an illegal return by Wessin. Although Wessin would not pose an immediate threat to Balaguer, his return almost certainly would prove unsettling at a time when the political situation is somewhat strained.

President Duvalier is reacting to rumors of another invasion of Haiti. He has placed all military commanders on special alert and reportedly is attempting to buy aircraft motors from the US to refurbish his decrepit air force. Travel of Haitian exiles in the Caribbean has recently increased, but there is no evidence that an invasion is imminent. ~~(SECRET NO FOREIGN DISSEM)~~

~~SECRET~~

8-F
~~SECRET~~

VENEZUELA'S NEW PRESIDENT CONSIDERED POLITICAL MODERATE

After three unsuccessful tries, Rafael Caldera has become the first Christian Democrat elected to the presidency in Venezuela. If, as expected, Caldera is inaugurated on 12 March, this will be the first time in Venezuelan history that power has passed peacefully from one political party to another and only the second time that one democratically elected president has followed another into office.

Caldera, an outstanding Roman Catholic layman, is politically, professionally, and socially one of the most respected men in Venezuela. Despite attacks by leftist and rightist extremists, he is generally considered a political moderate. In many respects his administration will resemble the Democratic Action government of the past ten years, but initially at least it will be marked by reformist zeal and a high degree of nationalism.

The Democratic Action government's petroleum policies will certainly come under review. Caldera has promised a policy guaranteeing Venezuela the largest possible benefit from its petroleum resources. He has proposed that fewer foreign (i.e., US) technicians be employed, and that profits be used to develop the general economy. His belief that there should be greater Vene-

zuelan participation in management and that the industry should be "Venezuelanized" will probably cause some uneasiness among oil companies. It seems unlikely at this time, however, that he will push for outright nationalization, as occurred in Peru in October.

In foreign affairs, Caldera has put high priority on the development of new markets for the nation's goods. The Betancourt doctrine of nonrecognition of unconstitutional regimes in Latin America will probably be dumped in favor of commercial and diplomatic relations with all--except, apparently, Cuba--regardless of internal policies. As for the highly volatile territorial dispute with Guyana, Caldera promises only to resolve it within the framework of friendship and understanding.



President-elect CALDERA

The new Christian Democratic government may be a little less cordial toward the US. According to pre-election statements, Caldera believes US relations must be based on a revision of the commercial treaty between the two countries and an end to US restrictions on petroleum imports from Venezuela. Nevertheless, Caldera hopes for warm relations with President-elect Nixon.

On internal security, Caldera will meet present insurgency with

~~SECRET~~

~~SECRET~~

repressive as well as preventive measures. He has specifically pledged to reorganize and unify the police forces, a move the US Embassy has long recommended.

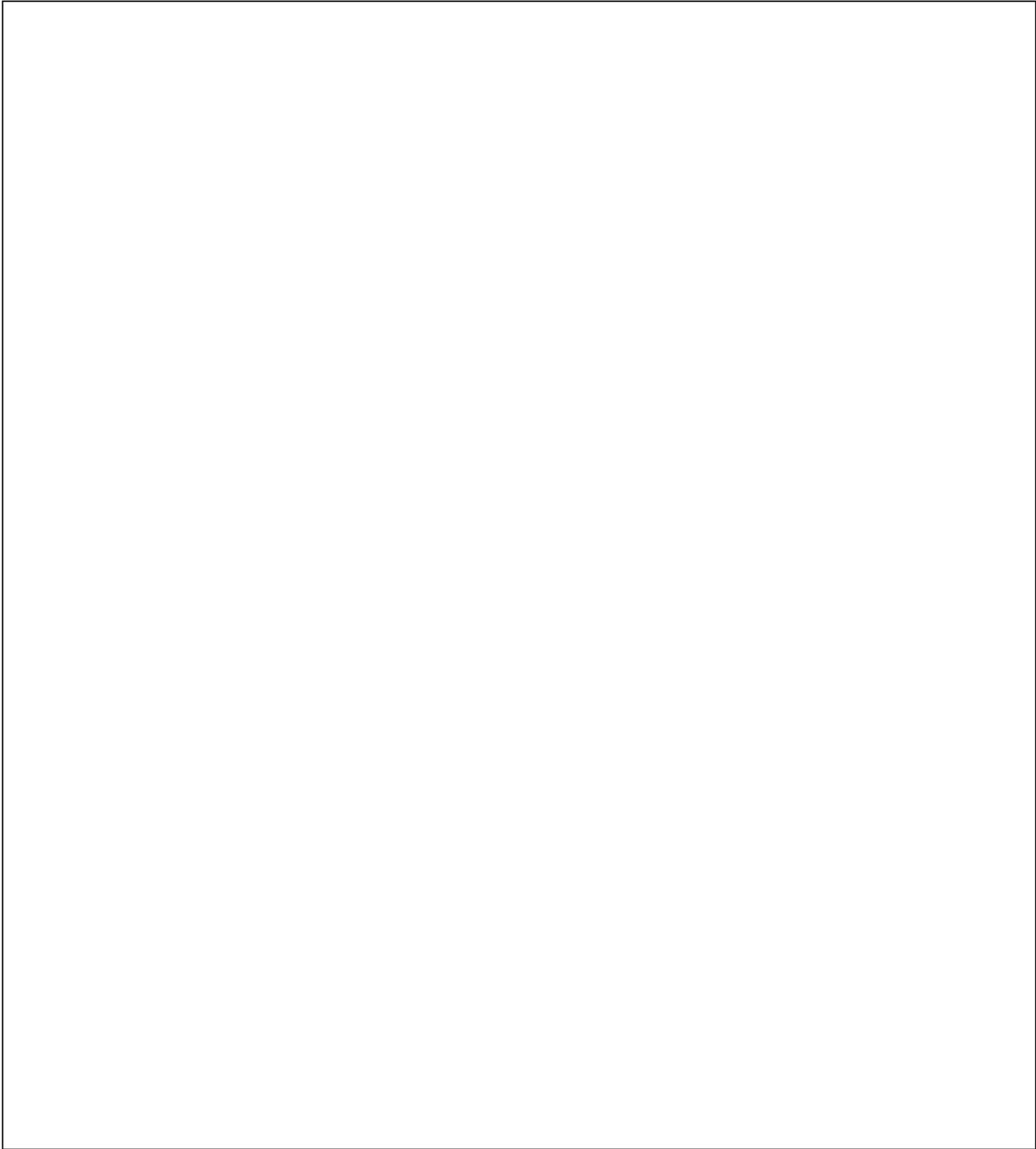
Caldera now faces the difficult task of fashioning a coalition government out of diverse political elements. His narrow victory--29.08 percent of the vote, or less than one percent more than the nearest runner-up--by no means gives him a mandate. His task is further complicated by a strong left-wing element within his own party that demands rapid social and economic

change and by a congress that is so factionalized that numerous deals will probably be necessary before he can govern effectively.

The big surprise in this election was the strong showing of ex-dictator Perez Jimenez and his ultrarightist political party, the Nationalist Civic Crusade. Perez won election to the Senate and his party won 21 seats in the 197-member Chamber of Deputies, making it the fourth largest bloc. Perez, in exile in Madrid, is expected to return soon to assume direct command of his party. ~~(SECRET)~~

~~SECRET~~

~~SECRET~~



~~SECRET~~